

PACT ACT



Protecting Access through Competitive-pricing Transition

Protecting Access through Competitive-pricing Transition (PACT) Act Section-by-Section

Section 1 & 2. Revision of Payments for Durable Medical Equipment Under the Medicare Program.

Beginning on January 1, 2016, the administration plans to extend rates established by the Competitive Bidding Program (CBP) to non-Competitive Bid Areas (CBAs) with only a 6-month phase-in. For many providers, this means reimbursements will be reduced by nearly 50%, and for some rural providers this will not even cover delivery costs of certain items.

This legislation would set the rates for these non-CBA areas at 130% of the regional price, which would be phased in over a two-year period. This provision sunsets at the end of 2018. For reimbursements beginning in 2019, the Secretary must establish a new payment for these areas, taking into account factors that ensure beneficiaries' access to quality supplies and services. Additionally, this legislation establishes a bid ceiling for durable medical equipment at the fee schedule price as of January 1, 2015, to ensure continued market-competition for DMEPOS.

Section 3. Establishment of DMEPOS Market Pricing Program Demonstration Project.

To prove the efficiency and effectiveness of the Market-Pricing Program (MPP), a state-of-the-art auction system that is designed to save as much money as the competitive bidding program, this legislation would create a demonstration project in at least 10 eligible auction areas. The MPP demonstration project will start concurrently with the Round 2 recompetes auctions in 2017. All competitively bid items and services are included in the program, and the legislation also provides a separate auction of the MPP for diabetes testing supplies. At the end of each auction, the MPP program awards contracts for a 2-year period to winning bidders. The demonstration period consists of three rounds of auctions.

Key Components on the MPP Demo:

- An auction expert and market monitor establish and operate the MPP demonstration, as well as observe the auction areas throughout each contract period.
- MPP includes the same DME items as the competitive bidding program.
- Separate auction for diabetes testing supplies in 2 states, representing at least 7% of the Medicare population.
- All bidders must meet licensure and accreditation requirements.
- Bids are binding and cash deposits are required to ensure only serious bidders participate.
- Historic capacity of bidders is weighted to guarantee that beneficiaries' supply needs are met.
- The bid price is based on demand and capacity using the "clearing price," not the "median price" of bid winners.

If you would like to cosponsor this legislation or have any questions, please contact Carla DiBlasio at Carla.DiBlasio@mail.house.gov.